Background Binder
Minister of Rural Economic Development
Table of Contents
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Page 1 of 17

 Infrastructure
Canada

BRIEFING NOTE TO THE MINISTER OF RURAL ECONOMIC DEVELOPMENT

OVERVIEW OF FEDERAL RURAL ECONOMIC DEVELOPMENT INITIATIVES

(For Information)

PURPOSE

- As you await your mandate letter, this package provides you with information on the priority issues identified in your appointment notice, namely: the creation of a rural development strategy; bringing high-speed internet to more rural households and businesses; and working with partners to meet the unique and diverse infrastructure needs of rural communities.

- We will return to you with strategic advice on your mandate at a later date, after your mandate letter has been received.

HIGHLIGHTS

- You have been asked to create a rural development strategy "to spur economic growth and create good, middle class jobs in rural Canada."

- The potential exists for this strategy to build on work that has been initiated by the Minister of Innovation, Science and Economic Development (ISED). Budget 2017 called for regional growth strategies to be developed under the leadership of Regional Development Agencies (RDAs) situated within the ISED portfolio.

- Targeted rural programs are also embedded within a broad range of federal departments, including Agriculture and Agri-Food Canada, Natural Resources Canada, Public Safety Canada, the Department of Fisheries and Oceans, Health Canada, Indigenous Services Canada, and Crown-Indigenous Relations and Northern Affairs.

- With respect to broadband, three federal organizations – ISED, the Canadian Radio-Television and Telecommunications Commission (CRTC) and INFC are the main sources of federal support and funding. While ISED has dedicated programming in the form of Connect to Innovate ███████████████████████████ ██████ Infrastructure Canada (INFC) also has a key role to play, particularly with helping to address the gap in rural Canada.

- Finally, you have been asked to "work with municipalities, provinces, territories, and Indigenous partners to meet the unique and diverse infrastructure needs of rural communities." INFC is delivering the $33 billion Investing in Canada Infrastructure Program. This program will play a key role in advancing the infrastructure needs of

1

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communities across the country over the next decade, including rural and northern communities.

- In the coming weeks, you may wish engage with a number of key stakeholders in the rural policy space, as well as rural recipients of Infrastructure Canada funding.
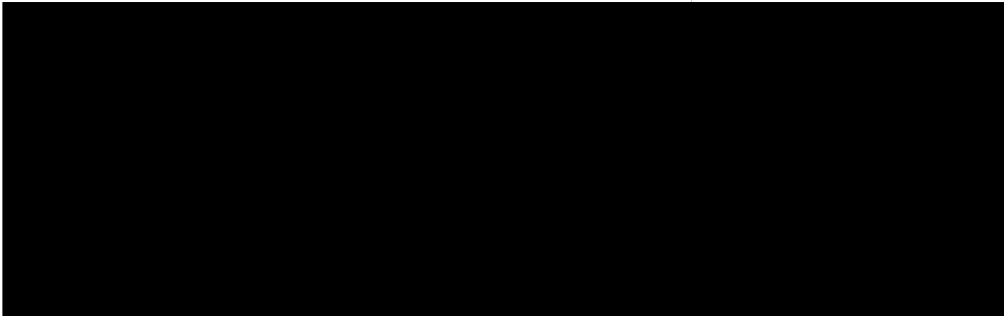
KEY BACKGROUND

Regional Development Strategies

- A number of RDA-led regional growth strategies (see Tab 2) are currently in development or in place. These strategies are developed in collaboration with stakeholders and relevant federal entities, and provide guidance meant to ensure a cohesive, whole-of-government approach to regional development.

  o The **Atlantic Growth Strategy** was launched in 2016 by the Atlantic Canada Opportunities Agency (ACOA). The strategy lays out an ambitious vision to grow Atlantic Canada's economy by targeting areas of joint priority including innovation; trade and investment; skills development and immigration; clean growth; and infrastructure. The Atlantic Growth Strategy Year 2 Report was released in July 2018.

  o The **Federal Strategy on Innovation and Growth for the Quebec Regions** was launched by Canada Economic Development for Quebec Regions (CED) on November 9, 2018. The strategy is focused on innovation and clean technology; growth and exports; entrepreneurial talent; and inclusive growth.

  o [redacted]

  o Western Economic Diversification Canada (WD) completed public consultations in support of a **western Canadian growth strategy** in November 2018. [redacted]
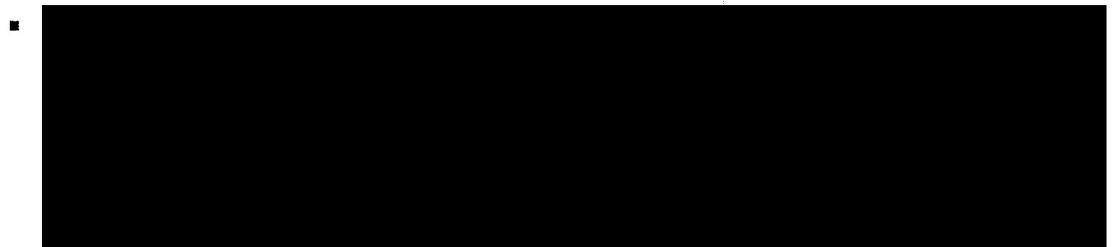
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2

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Page 3 of 17

SECRET

Broadband Connectivity

- Broadband connectivity is an increasing prerequisite for economic development, enhanced public safety and improved social benefits in rural and remote areas. However, 5.6 million Canadians, largely in rural areas, do not currently have access to connectivity that meets the basic service standards set by the Canadian Radio and Telecommunications Commission (CRTC).

- Federal support to address the broadband infrastructure gap in Canada is available through three key sources currently. (See Tab 3)

  o ISED houses the Government's primary, dedicated tool to provide broadband connectivity.

    ▪ Its $500 million **Connect to Innovate** program is supporting projects being rolled out across the country, but this fund is now fully subscribed.

    ▪

  o The CRTC has set a standard for broadband access across Canada and will also be a key source of funding for broadband infrastructure projects.

    ▪ The CRTC has set a target that all Canadians should have access to speeds of at least 50 Mbps for downloads and 10 Mbps for uploads, as well as access to mobile wireless services including on major transportation roads.

    ▪

  o Infrastructure Canada will also provide an important source of funding for broadband infrastructure over the next decade.

3

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Page 4 of 17

- - The $2 billion **Rural and Northern Communities stream** of the Investing in Canada Infrastructure Program (described below) will be able to support broadband projects where prioritized by provinces and territories over the next decade.

  - Although extending broadband connectivity is a key target for this funding, there are a number of competing priorities for funding under the stream, including improving road infrastructure.

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Infrastructure Investments in Rural Communities

- Infrastructure Canada is implementing the $33 billion, ten-year **Investing in Canada Infrastructure Program** announced in Budget 2017. This program is being implemented through integrated bilateral agreements with the provinces and territories. All of them were signed in 2018. Each province and territory has a federal cost-share funding allocation under the program, divided into separate funding streams.

- One funding stream is specifically for rural and northern communities: the $2 billion **Rural and Northern stream** noted above.

  - This stream supports public infrastructure projects that:
    - improve broadband connectivity;
    - improve food security;
    - provide more reliable road, air, and/or marine infrastructure;
    - provide more efficient or reliable energy; and
    - improve education and/or health facilities for Indigenous communities.

  - The stream also includes the $400 million **Arctic Energy Fund** which supports energy security in territorial communities, including Indigenous communities.

- Additional Infrastructure Canada funding is also available to communities under the integrated bilateral agreements through the **Green Infrastructure stream** ($9.2 billion), the **Community, Culture and Recreation stream** ($1.3 billion), and the **Public Transit stream** funding ($20.1 billion), this includes many smaller rural

4

communities where they have established transit systems.

- ████████████████████████████████████

- The $33 billion Investing in Canada Infrastructure Program is only a portion of the overall $186 billion **Investing in Canada Program** being delivered by Infrastructure Canada and 14 other federal departments. This includes additional funding announced in Budgets 2016 and 2017, as well as ongoing legacy programs including the Gas Tax Fund.

NEXT STEPS

- In the coming weeks key stakeholder groups will likely wish to meet with you. These include the Federation of Canadian Municipalities, the municipal associations in the territories, and rural municipal associations in the provinces (e.g. Saskatchewan Association of Rural Municipalities, Rural Municipalities of Alberta, Rural Ontario Municipal Association). More information on key stakeholders and events is available at TAB 5.

- We expect that your mandate letter will be issued in the coming days, possibly next week. At that time, we will return with specific advice and considerations about accomplishing the tasks set out for you, to obtain your feedback prior to proposing more concrete work plans.

Kelly Gillis
Deputy Minister
Infrastructure and Communities

Date

5

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Page 6 of 17

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